

November 1, 2005

## **Important Notice from The Local Choice Health Benefits Program About Your Prescription Drug Coverage and Medicare**

The Local Choice (TLC) is a health benefits program administered by the Commonwealth of Virginia for political subdivisions and schools in the Commonwealth. Your employer participates in TLC. **This notice is being provided to all active employee participants in the plan, but it is specifically directed to those participants who are eligible for Medicare Part D, the new Medicare prescription drug benefit. If you and/or any covered dependents are entitled to Medicare Part A and/or enrolled in Part B and, therefore, eligible for Medicare Part D, please read this notice carefully and keep it in a place where you can find it.** This notice has information about your current prescription drug coverage under The Local Choice Health Benefits Program and new prescription drug coverage available January 1, 2006, for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage. Important points addressed in this notice include:

- 1. Starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone with Medicare.**
- 2. The Local Choice Health Benefits Program has determined that the prescription drug coverage offered to active employees and their covered dependents under the TLC Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.**
- 3. If you and/or any of your covered dependents are eligible for Medicare, read this notice carefully – it explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you want to enroll.**

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You may have heard about Medicare's new prescription drug coverage and wondered how it would affect you. The Local Choice Health Benefits Program (the Plan) has determined that your prescription drug coverage under the Plan is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay. Therefore, the prescription drug coverage provided under the Plan is creditable. This means that Medicare-eligible participants who are enrolled in the Plan based on current employment, but who do not enroll in Medicare Part D drug coverage, will not have to pay a higher Part D premium if they enroll in Medicare Part D at a later time, as long as they do not experience a break in creditable coverage of more than 62 days.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. (These Medicare plans are separate from your coverage under the TLC program.) All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might also offer more coverage for a higher monthly premium.

**Because your existing prescription drug coverage as a part of the TLC program is on average at least as good as standard Medicare prescription drug coverage, you can keep your state program coverage and not pay extra if you later decide to enroll in Medicare drug coverage.**

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005, through May 15, 2006. However, because you have existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later. Each year after this initial enrollment period, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15<sup>th</sup> and December 31<sup>st</sup>.

**If you do decide to enroll in a Medicare prescription drug plan and drop The Local Choice Health Benefits Program coverage by submitting an enrollment form within 31 days of your eligibility for Medicare Part D coverage, be aware that you will only be able to resume coverage under the plan for active employees during Open Enrollment or based on a consistent qualifying mid-year event that would allow enrollment. As an active employee, you do not have the option of dropping only prescription drug coverage from your TLC Plan, so if you terminate your TLC program coverage to enroll in a Medicare prescription drug plan, you will need to ensure that you have Medicare**

**Parts A and B in order to have coverage for hospital and medical services. (Medicare does not generally cover routine dental and/or vision services.)**

In order to make the best decision for your individual health plan needs, you should compare your current coverage under the TLC program, including which drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Your Key Advantage Member Handbook addresses restrictions and exclusions to your TLC prescription drug coverage.

Active employees and their dependents that are covered under The Local Choice Health Benefits Program have outpatient prescription drug coverage as a part of that plan, and the provisions for that coverage are addressed in the Key Advantage Member Handbook. The TLC Plan provides coverage for other health expenses in addition to prescription drugs. As an active employee participant, you may not eliminate drug coverage from your TLC Plan. You may terminate TLC coverage prospectively if you do so within 31 days of your eligibility for Medicare Part D, but you will lose all TLC benefits, not just prescription drug benefits. Your termination of coverage will also result in the termination of any dependents that are covered due to your eligibility.

You should also know that if you drop or lose your coverage with The Local Choice Health Benefits Program for active employees and you do not enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If, after May 15, 2006, you are without prescription drug coverage that is at least as good as Medicare's prescription drug coverage (creditable coverage), your monthly premium will go up at least 1% per month for every month after May 15, 2006, that you do not have creditable coverage. For example, if you are without coverage for 19 months, your premium will always be at least 19% higher than what most other people pay. You will have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until the next November (during the annual coordinated election period) to enroll.

**For more information about this notice or your current prescription drug coverage**, contact your Group Benefits Administrator. NOTE: You may receive this notice at other times in the future such as before the next period you can enroll in Medicare prescription drug coverage, or if the TLC program coverage changes. You may also request a copy from your Group Benefits Administrator.

**For more information about your options under Medicare prescription drug coverage**, including more detailed information about Medicare plans that offer prescription drug coverage, consult your "Medicare & You 2006" handbook. If you are eligible for Medicare, you will get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans through the following resources:

- Visit [www.medicare.gov](http://www.medicare.gov) for personalized help
- Call your State Health Insurance Assistance Program (see your "Medicare & You 2006" handbook for more information)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA) by visiting the SSA Web site at [www.socialsecurity.gov](http://www.socialsecurity.gov) or by calling 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this notice. If you enroll in one of the new Medicare-approved plans that offer prescription drug coverage after May 15, 2006, you may need to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.**

This notice is being provided by the Commonwealth of Virginia Department of Human Resource Management and The Local Choice for the use of active employee participants and their covered dependents that are eligible for Medicare. For additional information about this notice, please send inquiries to [tlc@dhrm.virginia.gov](mailto:tlc@dhrm.virginia.gov).